

RESOLUTION NO. ____

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO PROVIDING FOR THE BORROWING OF FUNDS FOR VICTOR VALLEY UNION HIGH SCHOOL DISTRICT FOR FISCAL YEAR 2004-2005 AND THE ISSUANCE OF VICTOR VALLEY UNION HIGH SCHOOL DISTRICT 2004-2005 TAX AND REVENUE ANTICIPATION NOTES THEREFOR IN AN AMOUNT NOT TO EXCEED \$7,000,000, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

On Tuesday, June 22, 2004, on motion of Supervisor _____, duly seconded by Supervisor _____ and carried, the following Resolution was adopted:

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the "Law"), school districts organized and existing under the laws of the State of California are authorized to borrow money by the issuance of temporary notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, pursuant to said Sections of the Law, such notes shall be issued in the name of such school districts by the board of supervisors of the county, the county superintendent of which has jurisdiction over such school district, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the Board of Trustees of the Victor Valley Union High School District (the "District") has heretofore adopted its resolution on June 17, 2004, finding and determining that it is desirable that the District borrow funds in an amount not to exceed \$7,000,000 with respect to the fiscal year 2004-2005 for authorized purposes of the District, and requesting that the Board of Supervisors (the "Board") of the County of San Bernardino (the "County") for that purpose authorize the issuance of tax and revenue anticipation notes in the name of the District in the principal amount of not to exceed \$7,000,000 under and pursuant to the provisions of the Law; and

WHEREAS, the Board acknowledges said request of the Board of Trustees of the District,

NOW, THEREFORE, the Board of Supervisors of the County of San Bernardino hereby finds, determines, declares and resolves as follows:

Section 1. Recitals True and Correct. All of the recitals herein set forth are true and correct and the Board so finds and determines.

Section 2. Issuance and Terms of Notes. Solely for the purpose of anticipating taxes, revenue and other moneys to be received by the District for the General Fund of the District during or allocable to Fiscal Year 2004-2005, and not pursuant to any common plan of financing, the Board hereby determines to and shall borrow, in the name of the District, the aggregate principal sum of not to exceed Seven Million Dollars (\$7,000,000), solely at the request of the

District, and not to create any responsibilities for the Board beyond the express statutory requirements of the Government Code. Such borrowing shall be by the issuance of temporary notes under Sections 53850 et seq. of the Government Code of the State of California, designated "Victor Valley Union High School District 2004-2005 Tax and Revenue Anticipation Notes" (the "Notes"). The Notes shall be dated July 22, 2004, shall mature (without option of prior redemption) on July 21, 2005, and shall bear interest from their date, payable at maturity and computed on a 30-day month/360-day year basis, at the rate determined in accordance with the bid of the successful bidder or bidders for the Notes approved by resolution of the Board. Both the principal of and interest on the Notes shall be payable, in lawful money of the United States of America, as described below.

Section 3. Form of Notes. The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward, shall be in the denomination of \$5,000 each or any integral multiple thereof. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes, registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC").

Section 4. Use of Proceeds; Investment of Proceeds. The moneys so borrowed shall be deposited in the Treasury of the County to the credit of the District, to be withdrawn, used and expended by the District for any purpose for which it is authorized to expend funds from the General Fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District.

Proceeds shall, if held by the County, to the greatest extent possible, be invested by the Treasurer in the County investment pool or directly in investment securities as permitted by the laws of the State of California as now in effect and as hereafter amended, and in accordance with such procedures and subject to the County's investment policy now or hereinafter in effect.

Section 5. Security. The Board acknowledges that the District has pledged as security for the payment of the principal of and interest on the Notes (a) an amount equal to 40% of the principal amount of the Notes, from the first "Unrestricted Revenues" (as hereinafter defined) to be received in January, 2005; (b) an amount equal to 40% of the principal amount of the Notes, from the first Unrestricted Revenues to be received in April, 2005; and (c) an amount equal to 20% of the principal amount of the Notes, plus an amount equal to all interest due on the Notes at maturity, from the first Unrestricted Revenues to be received in May, 2005 (such pledged amounts being hereinafter called the "Pledged Revenues"). The Board also acknowledges that the District has further pledged that: (a) to the extent not so paid from the Pledged Revenues, the Notes shall be paid by the District from any other moneys of the District lawfully available therefor; (b) in the event that there are insufficient Unrestricted Revenues received by the District to permit the deposit in the Repayment Fund, as hereinafter defined, of the full amount of the Pledged Revenues to be deposited in any month on the last business day of such month, then the amount of any deficiency shall be satisfied and made up by the District from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon. The term "Unrestricted Revenues" shall mean taxes, income, revenue, cash receipts and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment by the District of current expenses and other obligations of the District.

Section 6. Repayment Fund. There is hereby created a special fund to be held on behalf of the District by the Treasurer-Tax Collector (the "Treasurer") separate and distinct from all other County and District funds and accounts designated the "Victor Valley Union High School District 2004-2005 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and applied as directed in this Resolution. Any money placed in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid by the District or until provision has been made for the payment by the District of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund shall be applied solely for the purposes for which the Repayment Fund has been created.

From the date this Resolution takes effect, all Pledged Revenues shall, during the months in which received, be deposited in the Repayment Fund. On July 21, 2005 or such other day as the District shall request in writing, the moneys in the Repayment Fund, to the extent necessary to pay the principal of and interest on the Notes at maturity, shall be transferred by the Treasurer, who is appointed for this purpose as Paying Agent with respect to the Notes, on behalf of the District, to DTC to pay the principal of and interest on the Notes at maturity. To the extent said moneys are insufficient therefor, an amount of moneys from the District's General Fund which will enable payment of the full principal of and interest on the Notes at maturity shall be transferred, or caused to be transferred, by the Treasurer to DTC. Any moneys remaining in the Repayment Fund after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District.

Section 7. Deposit and Investment of Repayment Fund. All moneys held on behalf of the District in the Repayment Fund, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys in the Repayment Fund shall, if held by the County, to the greatest extent possible, be invested by the Treasurer, or such other appropriate investment officer of the County, directly in investments as permitted by the laws of the State of California as now in effect and as hereafter amended, and in accordance with such procedures and subject to the County's investment policy now or hereinafter in effect.

Section 8. Execution of Notes. The Notes shall be executed in the name of the District, with the manual signature of the Treasurer or one or more of his duly authorized deputies and the facsimile counter-signature of the Clerk of the Board of Supervisors with the seal of the Board impressed thereon.

Section 9. Covenants and Warranties. It is hereby covenanted and warranted by the Board that all representations and recitals contained in this Resolution are true and correct, and that the Board has reviewed, or caused to be reviewed, all proceedings heretofore taken by the Board relative to the authorization of the Notes and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required of the Board by law to exist, happen and be performed by the Board precedent to and in the issuance of the Notes have existed, happened and been performed in due time, form and manner as required by law, and the Board is duly authorized to issue the Notes in the name of the District and incur indebtedness, on behalf of the District, in the manner and upon the terms provided in this Resolution.

Section 10. Exchange of Notes. Notes may be exchanged at the office of the Board for a like aggregate principal amount of Notes of authorized denominations and of the same maturity.

Section 11. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Board, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the Board upon the same conditions and in substantially the same manner as the definitive Notes. If the Board issues temporary Notes it will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered, for cancellation, in exchange therefor at the office of the Board and the Board shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder.

Section 12. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated the Board, at the expense of the registered owner of said Note, shall execute and deliver, a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the Board of the Note so mutilated. Every mutilated Note so surrendered to the Board shall be canceled by it and delivered to, or upon the order of, the Board. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Board and, if such evidence be satisfactory to the Board and indemnity satisfactory to it shall be given, the Board, at the expense of the registered owner, shall execute and deliver a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The Board may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 12 and of the expenses which may be incurred by the Board in the premises. Any Note issued under the provisions of this Section 12 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Board whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution.

Section 13. Sale of the Notes. The Board acknowledges that the District's Resolution provides that:

(A) The Notes will be sold by competitive bid and awarded as set forth in an Official Notice of Sale, which the Financial Advisor and the Superintendent of the District are thereby authorized to prepare, consistent with the District's Resolution.

(B) The Interim Superintendent or Director, Fiscal Services of the District are thereby directed to execute the Official Notice of Sale, and to arrange for the publication of a notice of intention to sell the Notes. The Interim Superintendent or Director, Fiscal Services of the District is thereby authorized and directed to open the bids at the time and place specified in the Official Notice of Sale. The Financial Advisor of the District is thereby authorized and directed to receive and record the receipt of all bids made pursuant to the Official Notice of Sale, to cause said bids to be examined for compliance with the Official Notice of Sale, to cause computations

to be made as to which bidder has bid the lowest net interest cost, as provided in the Official Notice of Sale, to announce the bidder of the lowest net interest cost, and to award the sale to said bidder, and to notify this Board of the foregoing. The County Board relies upon the District and its Financial Advisor to properly carry out all proceedings in connection with the selection of a purchaser of the Notes. The County takes no responsibility for conducting the sale of the Notes.

Section 14. Preparation of the Notes; Execution of Closing Documents. Jones Hall, A Professional Law Corporation, as bond counsel to the District, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate aforesaid, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution in accordance with the bid or bids of the successful bidder or bidders for the Notes, and to procure their execution by the proper officers, and to cause the Notes to be delivered when so executed to the purchaser or purchasers thereof upon the receipt of the purchase price by the Board on behalf of the District, in accordance with such successful bid or bids.

The Chairman of the Board or any other officer of the Board are further authorized and directed to make, execute and deliver to the purchaser or purchasers of the Notes (a) a certificate in the form customarily required by purchasers of bonds of public corporations generally, certifying to the genuineness and due execution of the Notes, and (b) a receipt in similar form evidencing the payment of the purchase price of the Notes which receipt shall be conclusive evidence that said purchase price of the Notes has been paid and has been received by the Board on behalf of the District. Any purchaser or subsequent taker or holder of the Notes is hereby authorized to rely upon and shall be justified in relying upon any such certificate or receipt with respect to the Notes. Such officers and any other officers of the Board are hereby authorized to execute any and all other documents required to consummate the sale and delivery of the Notes.

Section 15. No Liability of the County. Notwithstanding anything else to the contrary stated herein, in the Notes or in any other document referred to herein: (i) neither the County, the Board, nor any officer, agent, official, employee of the County, shall have liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, and the Notes (including interest thereon) shall be payable solely from the funds of the District available therefor as set forth in this Resolution; and (ii) the County, including its Board, officers, officials, agents and employees, shall retain all of their respective constitutional and statutory privileges, immunities, rights and defenses.

Section 16. No Approval of District's Finance Team, Structure of District's Financing, or Official Statement. The County has not assisted the District, nor has it participated in any way, in: (a) the selection of the District's underwriter, bond counsel, or financial advisor; or (b) the structure of the Notes to be financed, including, but not limited to, the District's pledge of Unrestricted Revenues. In addition, the County has not approved the District's Official Statement, and the County does not accept any responsibility for the adequacy or accuracy of the statements contained therein.

Section 17. Limited Duties of County; Indemnification. The County, including its Board, officers, officials, agents and employees, shall undertake only those duties of the County under this Resolution which are specifically set forth in this Resolution, and even during the continuance of an event of the District's default with respect to the repayment of the Notes,

including interest thereon, no implied covenants or obligations shall be read into this Resolution against the County, including its Board, officers, officials, agents and employees.

The District further agrees to indemnify, defend and hold harmless the County, including its Board, officers, officials, agents and employees, against the payment of any and all liabilities, losses, costs and expenses (including attorneys fees and court costs), damages and claims which the County, including its Board, officers, officials, agents and employees, may incur in the exercise and performance of its or their powers and duties hereunder which are not due to its or their negligence or bad faith.

* * * * *

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Supervisors of the County of San Bernardino held on the 22nd day of June, 2004, by the following vote:

AYES, and in favor of, Boardmembers:

NOES, Boardmembers:

ABSENT, Boardmembers:

By _____
Chairman of the Board of Supervisors

(S E A L)

ATTEST:

Clerk to the Board of Supervisors

EXHIBIT A

No.

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**VICTOR VALLEY UNION HIGH SCHOOL DISTRICT
(San Bernardino County, California)
2004-2005 TAX AND REVENUE ANTICIPATION NOTE**

INTEREST RATE:

MATURITY DATE:
July 21, 2005

ISSUE DATE:
July 22, 2004

CUSIP:

REGISTERED OWNER:

CEDE & CO.

PRINCIPAL SUM:

DOLLARS

The VICTOR VALLEY UNION HIGH SCHOOL DISTRICT, San Bernardino County, State of California (the "District"), acknowledges itself indebted, and promises to pay, to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money at the rate per annum stated above, payable on the Maturity Date stated above, calculated on the basis of 360-day year composed of twelve 30-day months. Both the principal of and interest on this Note shall be payable at maturity to the Owner.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of ____ Million Dollars (\$____), all of like tenor, issued pursuant to the provisions of a resolution of the Board of Supervisors (the "Board") of the County of San Bernardino (the "County") entitled "A Resolution of the Board of Supervisors of the County of San Bernardino Providing for the Borrowing of Funds for Victor Valley Union High School District for Fiscal Year 2004-2005 and the Issuance of Victor Valley Union High School District 2004-2005 Tax and Revenue Anticipation Notes Therefor In An Amount Not To Exceed \$7,000,000, and Authorizing and Directing Certain Actions with Respect thereto," duly passed and adopted on June 22, 2004 (the "Resolution"), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required of the Board to exist, happen and be performed by the Board precedent to and in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required by law, and that, solely in reliance upon information provided by the District, and the District's representation that it performed all things necessary to consummate the lawful issuance of the Notes, this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, revenue and other moneys which are received by the County on behalf of the District for the Repayment Fund of the District (as defined in the Resolution) for the Fiscal Year 2004-

2005. As security for the payment of the principal of and interest on the Notes, the District has pledged (a) an amount equal to 40% of the principal amount of the Notes, from the first "Unrestricted Revenues" (as hereinafter defined) to be received in January, 2005; (b) an amount equal to 40% of the principal amount of the Notes, from the first Unrestricted Revenues to be received in April, 2005; and (c) an amount equal to 20% of the principal amount of the Notes, plus an amount equal to all interest due on the Notes at maturity, from the first Unrestricted Revenues to be received in May, 2005 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be paid by the District from the Pledged Revenues. To the extent not so paid by the District from the Pledged Revenues, the Notes shall be paid by the District from any other moneys of the District lawfully available therefor. The term "Unrestricted Revenues" shall mean taxes, income, revenue, cash receipts and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The Notes are issuable as fully registered notes, without coupons, in denominations of \$5,000 each or any integral multiple thereof. Subject to the limitations and conditions as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations and of the same maturity.

The Notes are being issued subject to the terms and conditions of the Resolution.

The Notes are not subject to redemption prior to maturity.

This Note is transferable by the Owner hereof, but only under the circumstances, in the manner and subject to the limitations provided in the Resolution. Upon registration of such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The Board may treat the Owner hereof as the absolute owner hereof for all purposes, and the Board shall not be affected by any notice to the contrary.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

All capitalized terms herein shall have the same meaning as the capitalized terms in the Resolution.

Notwithstanding anything else stated to the contrary herein, the County of San Bernardino, including its Board, officers, officials, agents and employees, shall: (i) not be liable for the repayment of this Note, including interest thereon; and (ii) retain all their respective

constitutional and statutory privileges, immunities, rights and defenses in carrying out their duties under the Resolution.

IN WITNESS WHEREOF, the Board of Supervisors of the County of San Bernardino, California has caused this Note to be issued in the name of the District by the manual signature of the Treasurer-Tax Collector and countersigned by the facsimile signature of the Clerk to the Board, all as of the Issue Date stated above.

BOARD OF SUPERVISORS OF THE
COUNTY OF SAN BERNARDINO, solely in
its capacity as issuer of this Note in the
name of Victor Valley Union High School
District

Treasurer-Tax Collector

(S E A L)

Countersigned:

Clerk to the Board of Supervisors

ACKNOWLEDGED AND APPROVED:

VICTOR VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
Superintendent

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT
TEN ENT --	as tenants by the entireties	____ Custodian
JT TEN --	as joint tenants with	____ Minor
	right of survivorship and not	Under Uniform Gifts to Minors Act
	as tenants in common	____
		(State)

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(FORM OF ASSIGNMENT)

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Note and do(es) hereby irrevocably constitute(s) and appoint(s)

_____,
attorney, to transfer the same on the registration books of the District with full power of substitution in the premises.

Dated: _____

SIGNATURE:

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a qualified guarantor.

Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within Note in every particular without alteration or enlargement or any change whatsoever.